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ABSTRACT

This theme issue explores lower Manhattan's burgeoning "New Media" industry, a growing source of jobs in lower Manhattan. The first article, "New Media Manpower Issues" (Rodney Alexander), addresses manpower, training, and workforce demands faced by new media companies in New York City. The second article, "Case Study: Hiring @ Dynamid" (John Montanez), examines the experience of new employees at a new media company that creates corporate websites. The third article, "New Media @ BMCC" (Alice Cohen, Alberto Errera, and MeteKok), describes the Borough of Manhattan Community College's developing new media curriculum, and includes an interview with John Gilbert, Executive Vice President and Chief Operating Officer of Rudin Management, the company that transformed 55 Broad Street into the New York Information Technology Center. The fourth section "Downtown Data" (Xenia Von Lilien-Waldau) presents data in seven categories: employment, services and utilities, construction, transportation, real estate, and hotels and tourism. The fifth article, "Streetscape" (Anne Eliet) examines Newspaper Row, where Joseph Pulitzer and William Randolph Hearst ran their empires. (RS)

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THE DOWNTOWN BUSINESS

Volume 1 Issue 3

ED 423 559

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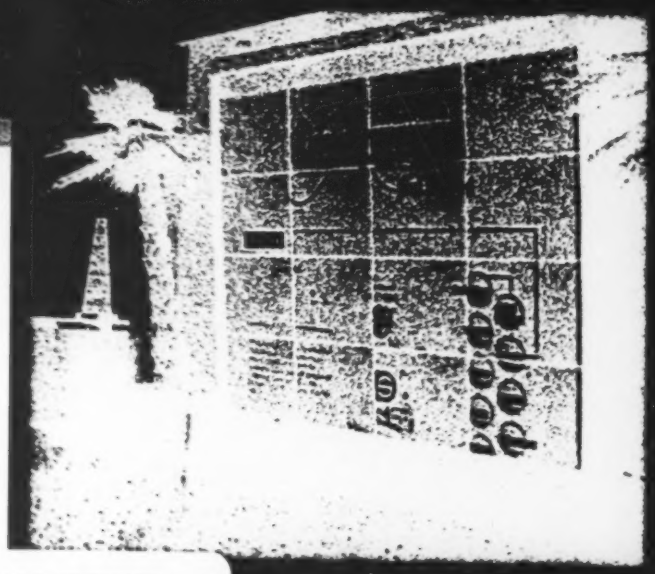

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BMCC'S PRESIDENT

JULY 1998

Dear Reader,

In this issue, *The Downtown Business Quarterly* explores lower Manhattan's burgeoning new media industry, a growing source of jobs in lower Manhattan. This issue's case study examines the experience of new employees at DynaMind, a new media company that creates corporate websites. You will also find an interview with John Gilbert, Executive Vice President and Chief Operating Officer of Rudin Management, the company that transformed 55 Broad Street into the New York Information Technology Center.

Borough of Manhattan Community College is part of the Downtown Media story. I am proud to inform you that BMCC was the only college in the Northeast to receive a $270,000 grant from Microsoft for Information Technology Training. In April, the National Science Foundation awarded the College $550,000. Both of these grants will help us develop an associate's degree program for New Media Programming and Design and give BMCC students access to advanced technology training. This new program also includes a school-to-work component in conjunction with Murry Bergtraum High School. These initiatives directly address the market's need for early development of software programmers. Professor Alice Cohen and two of her colleagues in BMCC's Computer Information Services department, describe the college's developing new media curriculum in "New Media at BMCC."

The Institute for Business Trends Analysis' March focus group results are reported in "New Media Jobs." The group, comprised of faculty from CUNY and BMCC along with some of the area's new media executives, examined what skills employers seek in today's graduates.

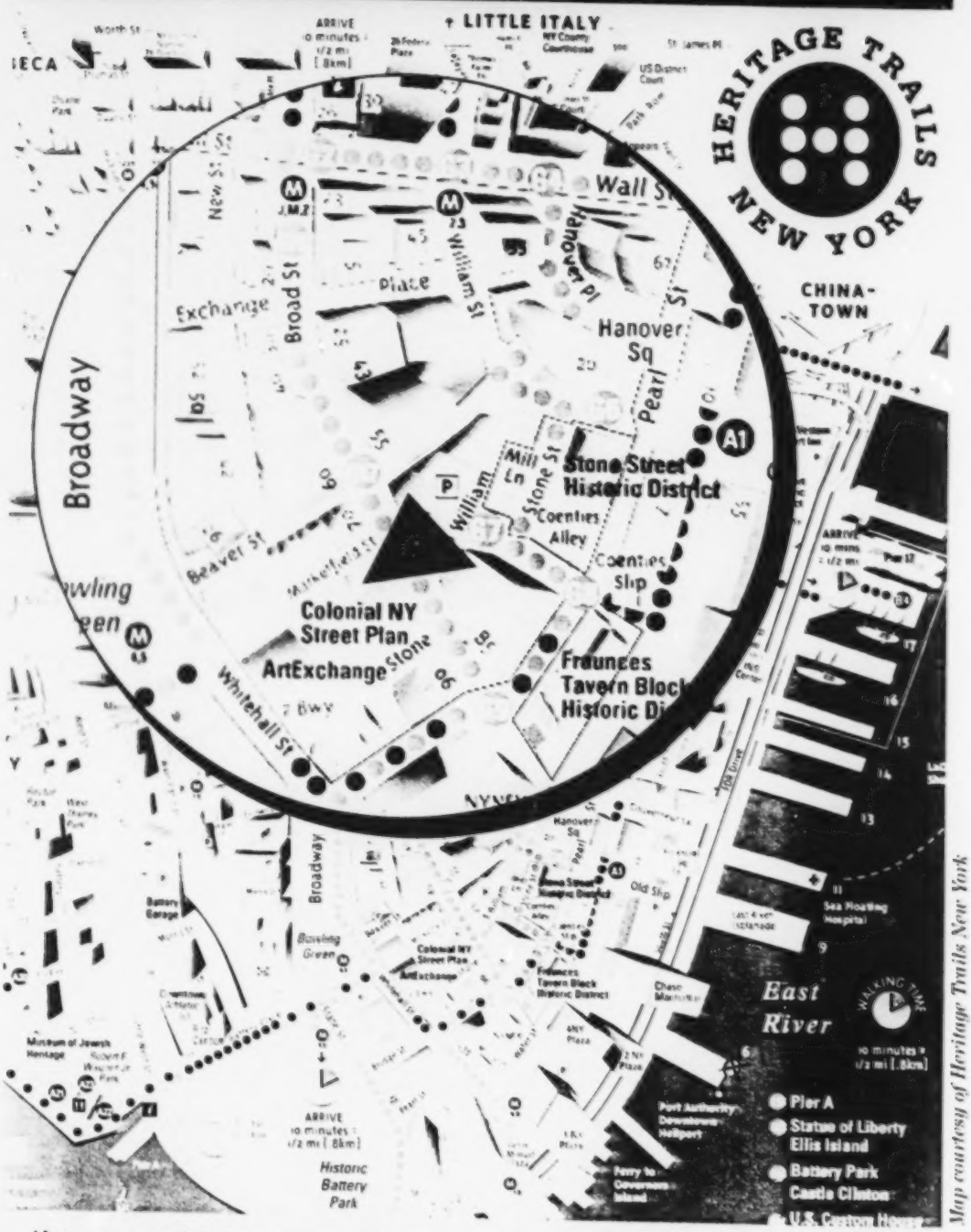
Also included in this issue is the latest installment of "Downtown Data." Today, Downtown is becoming the center of new media. A hundred years ago, it was the center of what was then new media. "Streetscape" examines Newspaper Row, where Joseph Pulitzer ran his empire, and William Randolph Hearst pushed the U.S. into the Spanish-American War.

BMCC is committed to using new media as an educational tool, preparing students for new media careers, and strengthening ties with our Downtown neighbors in the new media industry. I hope that you will enjoy this issue of *The Downtown Business Quarterly*.

Sincerely,

Antonio Pérez
President

DOWNTOWN MAP



Above, a map of the area surrounding the New York Technology Center at 55 Broad Street. This issue's interview is with John Gilbert, Executive Vice President and Chief Operating Officer of Rudin Management, the company that transformed 55 Broad Street.

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DOWNTOWN

TRANSFORMED BY TECHNOLOGY

The forces that drive the transformation and revitalization of neighborhoods in New York have been varied – artists seeking space to work and live in the area south of Houston Street (SoHo); deals on buildings, land and proximity to transportation hubs in Times Square; a particularly well sited farmer's market and a bustling carpet cum department store near Union Square.

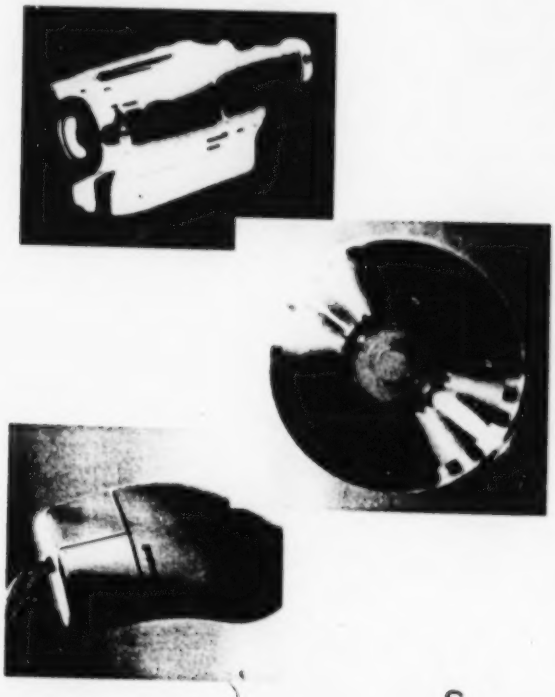
In all of these, some measure of social, economic and governmental forces played a role. And what has been true in other New York neighborhoods has been true in lower Manhattan as well. But what makes the revitalization of Downtown different from other transformations is the additional and unprecedented use of computer and communications technology as a driver for economic change.

A NEW DOWNTOWN

Downtown, variously defined as the area south of Canal Street or Chambers Street, river to river, is the home of the Information Technology District, a government and civic inspired creation that is part marketing chutzpah and part substance. What is genuine is the presence of the Information Technology Center at 55 Broad Street and the high-tech building conversions it inspired. Formerly the headquarters for Drexel Burnham Lambert, the now defunct financial giant, 55 Broad had been empty for several years and in the depressed Wall Street office market, the prospect was that it would remain so. After a conversion by the Rudin real estate family into a center for new media companies with a need for high-speed access to the Internet, the building is now fully leased. The success of 55 Broad inspired The Alliance for Downtown New York, the local business improvement district, to create its "Plug 'n' Go" program in collaboration with the City's Economic Development Corporation.

In the program, small information technology companies, usually in the formative and most fragile stage of their existence, have the opportunity to rent space at reduced rates in buildings that have, like 55 Broad, been pre-wired by their owners to provide a quick set-up of local area networks and access to the Internet through high capacity communications lines called "T-1"s. Under the program, 79 companies with 635 employees rented 183,000 square feet of space in six buildings last year. Three new buildings and 60,000 square feet of space have been added to the program this year, further transforming Downtown into New York's new media and high technology center.

"The Information Technology District...is part marketing chutzpah and part substance."



Photography by John Pascoll

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NEW MEDIA MANPOWER

INTRODUCTION

There are 2,600 firms devoted entirely or in part to new media in New York City. They account for 106,000 jobs and $2.7 billion in payroll. These are modest, even paltry numbers compared to other industries, but what has caught the attention of investors, policymakers and others is the spectacular growth the numbers represent. New media jobs increased by 48% over its 1995/1996 base and total payroll increased by 93%. And the industry is expected to add another 39,000 jobs by end of 1998, according to Coopers & Lybrand, the accounting and business consulting firm.[1]

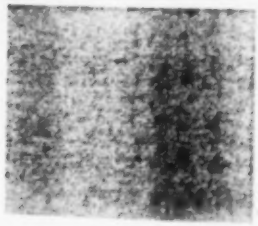
With growth rates of that magnitude the fact that the industry is having difficulty in finding workers is not surprising. But new media's workforce issues go beyond headcount. As a new industry that is evolving as fast as it is growing, the issue of skill sets and career paths available to workers is a matter of uncertainty, if not debate.

Recently, the Institute for Business Trends Analysis, and the Workforce Development Initiative of the City University of New York (WDI), held a focus group discussion with several industry representatives and academics. This discussion was very similar to a one held on the same topic four years ago.[2] Like this one, the earlier discussion was sponsored by WDI. The New York Software Industry Association and The New York Economic Development Policy and Marketing Group were co-sponsors of the 1994 gathering.

NEW MEDIA, A DEFINITION

Coopers & Lybrand has twice conducted studies of the new media industry. According to the company, a new media product or service is

NEW MEDIA



"New media jobs increased 48% over its 1995/1996 base."

one that "combines elements of computing technology, telecommunications and content" in a way that permits interactive use by consumers and business users.[1] The term "new media" is fairly new. The focus group held in 1994 offered the following definition of what was then called "multimedia":

> ...a product or service that incorporates a variety of media. The typical product or service is under computer control and allows the user selective "interaction.

The report goes on to say that "while this definition includes interactive television and on-line services, it is CD-ROM disks 'played' on personal computers that is currently the most common type of multimedia product."[2]

The two definitions are essentially the same. "Interactivity" is a critical element of both. But while the earlier definition emphasized CD-ROMs, the more recent definition, acknowledging the impact of the Internet and the World Wide Web, stresses the role of telecommunications.

Web sites are good examples of new media because they are only accessible through telecommunications technology and because they invariably incorporate a variety of media, including text, audio and animation. The power of the medium derives partly from this ability to play to almost all of the senses.

Equally as powerful is the new media product's ability to offer an experience shaped by the user. Unlike traditional forms of media (for exam-

FOOTNOTES

1 *2nd New York New Media Industry Survey*, Coopers & Lybrand, October 1997, p. 5.

2 Rodney Alexander, *Software and Multimedia Employment - 1995 And Beyond*, City University of New York Workforce Development Initiative.

3 Coopers & Lybrand, p. 16.

4 Alexander, p. 1.

ple, a book), new media typically does not have a single point of entry or exit. Instead, users are presented with several choices on entry and these choices influence the options available when exiting the product. As a result, each encounter with the product can be substantially different from earlier sessions.

HARDWARE

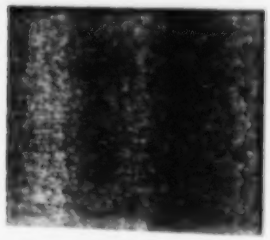
Intel standard computers along with Macintosh computers are two of the most popular hardware platforms for new media development activity. Sun Workstations are also used. In addition, because the source of the media used in these efforts is varied, scanners to capture printed graphics and text, as well as analog and digital cameras and audio equipment are often necessary.

The hardware used for development and the hardware used for running the software or "playback" can be different. For example, Sony Playstations and Nintendo game units are used to playback software but not for development.

SOFTWARE

Among operating systems, new media software platforms include Unix, Macintosh, Windows and Windows NT. New media software tools, as distinct from development languages, include Microsoft's "Front Page," Adobe's "Photoshop" and "Illustrator," and Macromedia's "Director" and "Freehand."

Visual Basic, C++ and Java are the primary new media development languages. One focus group participant argued that the software platforms are the protocols that form the basis for the Internet and the World Wide



Web should be added to that list. The protocols that make the Internet and the Web possible are TCP/IP, HTML (Hypertext Markup Language) and HTTP (Hypertext Transfer Protocol).

It is important to note that while two of our focus group participants said that their company used proprietary development tools, these tools were not used exclusively. Virtually all of the hardware and the software for new media development is "off the shelf" and accessible to anyone interested in gaining entry to the industry. In workforce development terms, this means that students and others can acquire the necessary skills even in the absence of a formal, structured training effort.

"Demand for computer science graduates... far exceeds the supply."

WORKFORCE DEMANDS

Nationally, the demand for computer science graduates and electrical engineers with computer skills far exceeds the supply, according to many knowledgeable observers. Much of that demand, according to these same observers, is driven by the need for staff to develop Internet and intranet applications. (Internet and intranet applications have similar hardware and software requirements. However, intranets are typically associated with large organizations like corporations and access is restricted to key constituencies like employees and suppliers.)

Participants in the Coopers and Lybrand study, as well as those in our focus group, indicated that positions for programmers, engineers and technology managers were the most difficult to fill.[6] Similarly, both groups report that creative positions - writers, artists, graphics designers, animation specialists and the like - are easier to fill. In part this is because the typical new media enterprise has need of significantly fewer

FOOTNOTES

5 *Help Wanted 1998*: A Call for Collaborative Action for The Millennium. Information Technology Association of America. (Virginia Tech) 1998. This is just one of numerous articles and reports on the shortage of people with engineering and computer science skills.

6 Coopers & Lybrand, p. 51.

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creative positions than technical, 18% versus 38%, according to Coopers and Lybrand.[7]

But what this shortage may also be reflective of is the relative availability of "content" people and the particular demands of new media businesses for technical talent. New York City, long a magnet for writers, artists and filmmakers, has an abundance, maybe surfeit, of people with those skills. In fact, the City's presumed development as a major new media center is based on this concentration of creative people.

By contrast, new media's need is for technical people with a particular blend of skills. The ability to "mesh with the team" was cited by one of our focus group participants as being as important as technical skills. "Even though there are roles and tasks specific to your position, you pretty much have to cross pollinate... And that's really important because that's where you get the magic to happen." (See related article, "Case Study: Hiring At DynaMind.")

New media work-products are necessarily collaborative efforts between programmers, writers, artists and others. Traditional business systems programming is not a particularly collaborative effort and many of the people who gravitate to it prefer it that way. "They are very different," said one of our industry participants. "They don't talk," said another.

The ability to thrive, or even derive pleasure, out of highly collaborative environments is, perhaps, more of a personality trait than a skill. And to the extent that it is, it may be beyond even the most cleverly designed training efforts.

YOUTH CULTURE

Thirty-six percent of new media employees in New York are under 30 years of age. Thirty-five percent are between 30 and 40 years of age. And the average age of "top executives" is 42.[7] Those demographics suggest a decidedly youthful culture, a fact that has implications for the way new media companies are perceived by potential corporate clients and the industry's efforts to recruit and hire staff.

"Thirty-six percent of new media employees are under 30 years of age."

One generally acknowledged trend over the past ten years is the reluctance of companies to train programmers. Increasingly, companies look for specific skills for specific projects, ignoring skilled programmers with knowledge of other languages and technologies. And because the most current skills tend to be associated with recent graduates, this process has the effect of skewing the hiring process in favor of the young. Two other factors contribute to this trend. The salary demands of older employees are generally higher than those of younger employees. These demands make older programmers less attractive.
In addition, many new media jobs are freelance or part-time, 35.8% in 1995/1996 and 44.4% in 1997.[8] Older workers generally prefer full-time, permanent employment.

The large, and apparently growing, percentage of part-time and freelance jobs in the new media industry reflects the industry's general state of flux. Coopers and Lybrand reports that 68% of the firms in its study had been in business for three years or less, and 30% had been established within 18 months of the survey. Further, 17% of respondents in their 1995/1996 study had left the industry in the same 18 month period.[10] This kind of turbulence, some might say "growing pains," is to be

FOOTNOTES

7 Coopers & Lybrand, p.50.
8 Coopers & Lybrand, p. 41.
9 Coopers & Lybrand, p. 46.
10 Coopers & Lybrand, p. 8.

expected in a new industry, but its consequence is to discourage entry by older workers who are generally more risk-averse.

BALANCING SOFT AND HARD SKILLS

Repeatedly, focus group participants stressed the need for qualities or skills that are neither easily measured nor taught. "In addition to the skill set you need adaptability," said one. "Yes. Because what you know today is gone in one month's time," said another.

Precisely what role the balance of experience and skills plays in the hiring decision is unclear. But what is clear is that potential employers value some experience with hard skills like Java and soft skills like the ability to communicate and lead. "Someone with initiative is much more valuable than someone with skill…" was a comment made by one our industry representatives and echoed by others.

Beyond skills and initiative, new media employers want some demonstrable evidence that prospective technical hires are creative and have a "vision." Applicants should be able to offer samples of their work and be prepared to critique favored web sites, according to industry representatives.

"From my perspective when we interview people, it doesn't really matter what tools they know, they should understand the fundamentals of how the Web works, how interactivity works, how the Internet is structured… If a person comes in with a good idea, we'll take them over a person who knows Photoshop Director or this, this, this," said another.

But as one academic noted, the dilemma for educators is that some of the things industry representatives identified as desirable in prospective employees can be taught, while others can not. Specific tools and an eye for design we can impart, he said. But the prospective employee's ability respond to a demand to develop "something I haven't thought of," comes with experience. "It comes with having done this [over a long period of time], not in two or four semesters."

NEED FOR SPECIALIZATION

"Perhaps nothing is more emblematic of the state of flux in the multimedia world as the complexity and lack of clarity surrounding the notion of 'job title,'" our last focus group report asserted. But clarity and greater definition appears to have come with age and maturity. Job titles are not the issue they were several years ago. As anticipated then, the industry borrowed job titles from the film industry. Producer, director, graphic designer, and writer are examples.

"When this first started, you could be a jack-of-all-trades."

Success is part of what's driving new media's need for greater skill set definition. Corporations see the need to integrate the Internet and the Web into the company's overall systems strategy. As a consequence, there is an increasing demand for people with the clearly defined skills necessary to implement the strategy. For example, there is a growing market for people with "middleware" skills, according to the owner of a new media company specializing in developing corporate Web sites. "Middleware" is software that links legacy systems (older mainframe technology) with the Internet and PC's.

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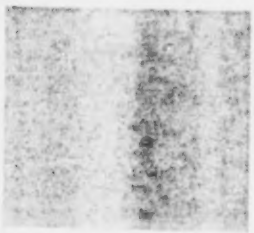
Also driving the need for specialization is the increasing complexity of Web sites. "When this first started, you could be a jack-of-all-trades; you could pretty much do everything. Now, what I'm finding is that in most organizations you're going to need graphic designers, programmers... And as the competition grows, it's not enough to provide the simple HTML page anymore, you've got to provide something different, which means that you have to focus the student on which way they want to go."

MANAGEMENT ISSUES

Several participants suggested that there is a strong need for people with management skills in the new media industry. "There's a huge need for business people, not just programmers," said one entrepreneur. "As companies like us get to a level where we need to expand out, we need middle managers who can think quick and are entrepreneurial in spirit."

Another participant talked about the need for companies to develop client management skills. "There are companies that just don't know how to manage clients or client expectations...If I meet with you and I don't have a sense that you're going to give me the right kind of attention, that you're going to meet my deadline or that you've done this before, then I'm not going to go with you."

Another participant said she has seen companies receive a large infusion of cash and waste it for want of business management skills. Indeed, some new media companies have attracted very large sums of cash. Coopers & Lybrand report that in less than two years, 21 New York new media companies received over $150 million from professional and private investors.[1] The biggest takers were DoubleClick, $40 million; iVillage, $34.5 million; and The Globe, $20 million.



NEW MEDIA EDUCATION PROGRAMS

Our earlier analysis of new media education and training issues found that "degree and non-degree programs in interactive telecommunications and multimedia are underway or planned at virtually every major college and university in the country." That assertion, written four years ago when the Web was a small fraction of the size it is now, is even truer today than it was then. (See related article, "New Media @ BMCC.") Educators understand the implications of the Internet and the Web for the entire educational enterprise: the way they administer, the way they collect and disseminate data and information and the way they teach, are all impacted by these new tools.

"There's a huge need for business people, not just programmers."

Thus, colleges and universities are both major sources for new media talent and potentially major consumers of new media products and services, as participants in our earlier focus group suggested. Participants were asked to estimate new media job growth in a variety of industries over the next five years (1994-1998). "Entertainment" was thought to have the highest potential, while next highest was education, along with training and publishing. Some of this growth is seen in the proliferation of "distance learning" programs, efforts to free students and teachers from the constrictions of the classroom by using the two-way, interactive and graphics capabilities of the Web.

Not surprisingly, colleges and universities can have a variety of new media efforts in place. For example, Columbia University has a new media program in its School of Engineering, graduate school of education (Teachers College) and the School of Journalism. In addition to the teaching efforts, there are research efforts at the Columbia Institute for Tele-Information and Columbia Innovation Enterprise.[12]

FOOTNOTES

11 Coopers & Lybrand, p.40.

12 www.columbia.edu

Depending on their interest and course availability, several paths are available to students interested in new media careers. Computer programming, network design and management are obvious choices (see "Software" above), but other possibilities include art, advertising, film, animation and music, all of which are elements, or potential elements, in multimedia services and products.

But while New York may offer a multiplicity of new media training opportunities, the industry is dissatisfied with the quality of programming talent. Of the six "policy development priorities" listed in the Coopers & Lybrand survey, two were related to education. The industry sees the need for the "creation of a world-class computer science school capable of seeding leading edge programming talent into the local business environment" and it seeks "greater industry development, cooperation/coordination between New York's academic and business communities."[10]

"New York City has great schools for the creative stuff," said the owner of a respected new media company. But, "New York City is not a good place to look for real computer programming talent."[11]

SALARIES

The average new media salary is just over $37,000, according to Coopers & Lybrand.[12] This figure is lower by far than any other media segment. For example, the average salary in television broadcasting is $86,000, the highest; and in books, it's $55,000. That finding is consistent with reports from our focus group participants who said that the industry is not the place to make lots of money quickly. Nor is it the place for those interested in a "9 to 5" job.

CONCLUSION

The explosive growth of the Internet and the World Wide Web is a major factor in the shortage of people with computer networking and programming skills. However, new media's own needs, particularly in programming, appear to be unique, a fact which has the effect of making it more difficult to find talent, but also may shield it from escalating salary demands. The labor pool from which the industry draws programming talent is only nominally the same as that for traditional business systems. This is because of the very high percentage of freelance and part-time jobs in the industry and the collaborative nature of the new media development effort. Both factors tend to skew the hiring process to younger, less risk-averse employees. Finally, there appears to be a general dissatisfaction with the quality of computer science programs in New York City. This was a finding of our earlier focus group and a policy priority in the Coopers & Lybrand survey four years later.

"...the [new media] industry is not the place to make lots of money quickly."

FOOTNOTES

[13] Coopers & Lybrand, p. 13

[14] Coopers & Lybrand p. 45

[15] Coopers & Lybrand, p. 45

CASE STUDY:HIRING@

In 1996, Thomas Kwon and Ron Cagenello founded DynaMind with the belief that a commitment to quality could make it standout in the high tech industry. Three years later, DynaMind supports a full-time staff of 15 and has an impressive client roster, including McGraw-Hill, AIG, and Ascend Communications.

Multimedia is a mushrooming, 2.8 billion-dollar industry with over 700 companies in Silicon Alley alone. According to a recent report by Coopers and Lybrand, there are at least 5,000 new media companies in the New York metropolitan area. Despite rapid growth, the new media industry has been characterized as "volatile" and "immature." With almost a dozen new Internet-related companies entering the city each month, competition for qualified technical employees has become intense.

DynaMind looks for prospective employees who will make a difference, says Kwon. "Being able to communicate as well as understand client needs is a critical element of our work, new hires are expected to demonstrate... a willingness to extend themselves in all aspects of the firm." DynaMind also places significant emphasis on efficiency through teamwork, continues Kwon: "Each of us is required to maintain the integrity of our work while at the same time ...improve the quality of others. Programmers are not only expected to understand code, but to work with and utilize others (within the firm) as resources in problem solving. [At DynaMind], we try to do more with less... in order to enhance efficiency and serve others more effectively."

This process has been extended to the company's hiring practices. It is not uncommon for DynaMind to receive as many as 160 resumes for a new position. Approximately ten applicants are brought in for interviews and testing, the latter consisting of a specific project requiring the applicant to demonstrate their knowledge of programming, design or marketing. Candidates whose tests show the most promise are invited for a final interview with the company's production and support staff. The interview

DYNAMIND by John Montanez

allows the staff not only to evaluate the candidate, but to reinforce the company philosophy of communication and efficiency. "It's important that individuals going through this process know who they are going to work *with* rather than who they are going to work for," notes Robin Bents, the firm's Vice President/Account Director.

The collaborative process is an integral part of DynaMind's corporate climate. Weekly informal breakfast meetings play a pivotal role in the professional development of the staff. They exchange ideas on a project or concept. The forum serves not only as a sounding board for new ideas but is critical in "ensuring that we move forward as a single entity, and not simply as individuals...." What emerges from this process is a seamless organizational structure that emphasizes communication and multitasking.

The new media field is just beginning to understand its growth. Expanding use of electronic media will increase demands of accountability and cost effectiveness from corporations. Within the next few years, new media will find itself subjected to the same standards applied to other industries, with many firms unable to become efficient and control costs. This is an issue which Kwon says "colleges today seem to miss entirely" when preparing students for careers in new media. All too often, software development and programming courses are emphasized, so that students graduate without acquiring the business and communication skills essential for their success in the workforce.

Kwon admits that in the booming new media industry "there is really no working model which you can use as a blueprint. Our success can be measured in large part by the quality of our services and the number of clients we are able to retain." In an industry with employee turnover rates as high as 70%, DynaMind boasts an 80% retention rate in staff and a stable portfolio of clients. It may well be small firms such as DynaMind that are able to integrate communication and efficiency that will serve as the blueprints for the future of new media.

"While employee turnover rates are as high as 70%, Dynamind boasts an 80% retention rate."

John Montañez is Director of Grants and Development at BMCC.

NEW MEDIA@BMCC

NEW MEDIA'S IMPACT

There is no media topic as important today as new media technologies and the impact that they may have on all of our lives. These technologies are shaping Borough of Manhattan Community College's curriculum, and the job market facing our graduates. We are in the midst of a revolution in the news and entertainment media, and the media as we know them today may cease to exist in just a few short years. While it has always been a simple matter to distinguish among newspapers, broadcast television, cable television, computer entertainment, motion pictures and telephone services, those distinctions are quickly eroding as a new universal medium looms on the horizon. This new form, called multimedia, embraces elements of all formerly distinct media and crosses over traditional methods of communication. It often carries the adjective interactive because, through the use of branching logic embedded in the product, the consumer has the ability to select and control his or her progress.

DIGITAL ENVIRONMENTS

Multimedia (or new media) may be viewed as applications that operate within a media-rich, digital environment on the desktop, or over local or wide area networks via telecommunications. The term takes on different meanings to different people but serves as a common vision for the direction of new visual communication opportunities-a vision where barriers to communication and self-expression in media have been removed.

The process of converting information from analog to digital format began 50 years ago with the introduction of computers. Multimedia technology began at the commercial level only ten years ago with the use of laser discs to provide instruction under computer control. In the late 1980s, several authoring systems emerged enabling audio and video with graphics, text and animation to be combined. The emergence of local and wide area networks has given rise to another

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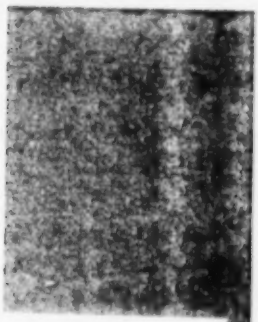
By Alice Cohen, Alberto Errera and MeteKok



generation of multimedia tools, products and services and to new venues, such as the Internet, for doing business.

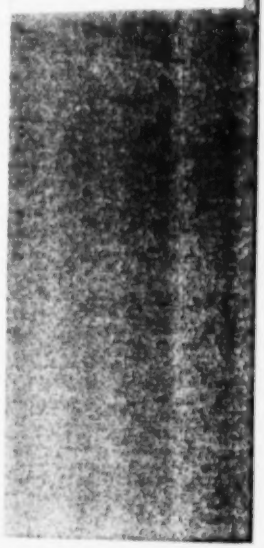
BUSINESS GROWTH

Today, the growth of the business of multimedia is dependent upon the creation of a digital infrastructure to afford ease of design and delivery of services and products. This is evolving and as it does, it will have to address five major developmental issues: the affordability of integrated multimedia systems; the redesign of operating systems and other software to accommodate multimedia applications; the development of advanced multimedia authoring tools; the establishment of and access to distribution channels; and the training of a sufficient pool of new media-capable authors.

New Media technology is shaping BMCC's curriculum.

In the fluid environment of this emerging discipline, these issues are being resolved and the conversion from analog information to digital streams already affords many business and employment opportunities. As Lower Manhattan has been dubbed "Silicon Alley," even more jobs and start-up companies are likely to be created and more investments are made to bring on this transition to an all digital information world.

In January 1995, the New York City Labor Market Intelligence Network reported on the findings and recommendations of two focus groups investigating workforce issues related to software and multimedia production. Members of the multimedia panel indicated that "the employment demand for people with multimedia development and production skills is very strong." Panelists estimated a high degree of multimedia employment growth in each of the following industries: entertainment, education, training, publishing, advertising, retail and health. After reviewing the recommendations, Borough of Manhattan Community College fac-



ulty in the departments of Computer Information Systems (CIS) and Speech, Communications and Theater Arts (Speech) immediately began developing an interdisciplinary curriculum to address the labor needs identified. When the initial design was completed, feedback was solicited from professionals engaged in multimedia product development, members of the College community and members of the University community. The resulting, modified curriculum involves three departments, CIS, Speech, Music and Art, and incorporates the suggestions of the groups consulted. The proposal to offer this new curriculum was brought before College, University and State Education Department governing bodies for approval this spring.

NEW MEDIA APPLIED

The Computer Information Systems department has been actively engaged in helping students acquire skills that will benefit the business community. The department offers two classes, Introduction to the Internet and Advanced Internet Applications. In January 1996, a grant provided by the Rudin Foundation enabled CIS faculty to train students in programming for the World Wide Web. Two students underwent training and were able to create the BMCC web page with links to the College catalog and academic department course offerings. They also provided weekly instruction to members of the Computer Club. This project is ongoing. Each group provides instruction for the next.

BMCC'S EMERGING TECHNOLOGICAL ROLE

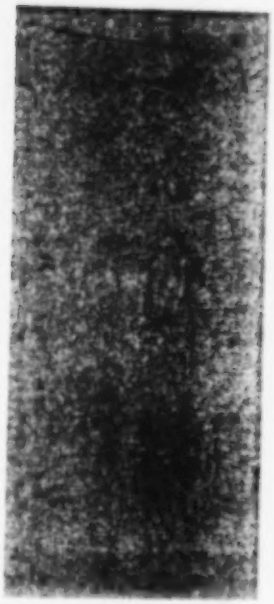
During the fall 1997 semester, the CIS and Speech departments worked together to prepare a grant proposal under the National Science Foundation's Advanced Technology Education (NSF ATE) initiative. At the end of the fall semester, CIS and Speech joined with the department of Music and Art to prepare a proposal for the American Association of Community Colleges (AACC)-Microsoft Corporation

initiative. Many members of the downtown business community sent letters of support for each grant application and agreed to identify student internship sites, to provide technical support where possible and to serve on an advisory board to ensure that the curriculum remains current and meets the needs of businesses. The College was awarded both grants.

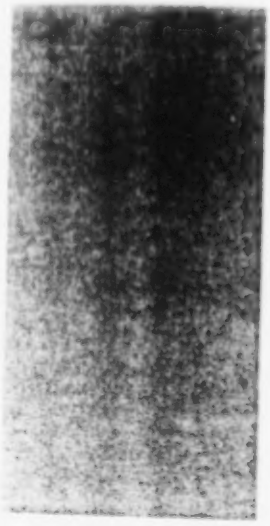
In March 1998, faculty from BMCC participated in a focus group attended by professionals engaged in new media or multimedia development activities and faculty and staff from other colleges (see page 4). Participants initiated a discussion identifying the skills most needed by new media professionals. The panel clearly indicated a need for skilled workers and are looking to education as a means of alleviating the shortage. On May 20th and 21st, faculty from Valencia Community College in Orlando, Florida, BMCC's mentor college for the AACC-Microsoft grant, conducted a DACUM (Develop a Curriculum) conference. The DACUM process formalizes development, allowing local industry to tailor curriculum to meet its needs. The process involves eliciting specific skill sets required by the industry from participants and then the college designs courses geared to providing the skills identified. Borough of Manhattan Community College is working to help meet the needs of the growing new media industry.

Alex Cohen, Alberto Ercoli and Mete Kok

Professor Cohen is chair of Computer Information Systems. Professors Ercoli and Kok are members of the department and project managers for the AACC-Microsoft grant.



New media professionals tailor curriculum to meet their needs.



THE BIRTH OF 55 BROAD

John Gilbert is Executive Vice President and Chief Technology Officer for Rudin Management, Inc., the family-owned real estate development and management firm. The Rudin portfolio contains 36 prime residential and commercial properties, including 55 Broad Street.

Now known as "The New York Information Technology Center," 55 Broad is the innovative model for "plug-in" buildings in New York City and elsewhere. Tenants at 55 Broad are provided with high speed, high capacity video, voice and data links to the Internet and other communications networks. Prior to its conversion by Rudin, the building had been the headquarters for the now defunct financial giant, Drexel Burnham Lambert.

Gilbert joined Rudin Management in 1993 after spending several years in government and more recently, as head of the Rent Stabilization Association, an industry trade group. A graduate of Cornell University, Gilbert is 42 years old, and lives in Westchester with his wife and son.

The interview was conducted by Rodney Alexander, Director of the Institute for Business Trends Analysis, and John Montañez, Director of Grants and Development at BMCC. Mr. Montañez is an author of BMCC's successful applications to the National Science Foundation and Microsoft Corporation for funds to develop a new media curriculum. He is also the author of this issue's "Case Study." The interview was edited for publication purposes.

DBQ: Your coming to Rudin Management preceded the development of 55 Broad Street. What is the history of that project?

Gilbert: Technology has long been one of my passions. My grandfather was an early communications pioneer. He designed and built the first underwater, trans-Atlantic telephone cable back in the early 50s. I have

John Gilbert
Executive Vice President and Chief Operating Officer Rudin Management, Owner of 55 Broad Street.

a chunk of that cable on my desk. It linked Key West, Florida and Havana, Cuba. And so I came out of a family of engineers and went into real estate.

When I was first hired by Rudin Management, I told Bill Rudin I was fascinated and intrigued with the impact the Telecommunications Deregulation Act would have. In 1993, we realized the potentially negative consequences the law could have. Suddenly you would have multiple providers of telecommunications services trying to get into buildings with a finite amount of vertical riser capacity. At the other end, you would have tenants who wanted access to a multitude of broadband telecommunications services. So, what was definitely a problem for real estate, we ultimately turned into an opportunity.

DBQ: Prior to its development as a cutting-edge communications facility, 55 Broad had been empty for about five years, in a depressed downtown office market. Did that depression in some ways favor its development?

Gilbert: It is one of many ironies of the development of 55 Broad Street that we could not have succeeded in creating the world's first totally wired work environment had it not been totally vacant. And it was really vacant almost six years, from February 1990 to our grand opening March 14th of 1996.

DBQ: Can you step us through how the project developed?

Gilbert: It's a fascinating story, an "only in New York" story. We had begun the process of analyzing the Rudin portfolio of 36 buildings- 22 apartment buildings and 14 commercial buildings. And we asked ourselves a number of questions. What should we be doing to get ready for the new environment created by the Telecommunications Deregulation Act, which was eventually signed into law in 1996? How can we insure that our buildings remain competitive for the new digital environment? What should we be doing to keep the Rudin portfolio competitive as local

markets and economies merge into global economies, and as companies compete in a global market place?

There was another parallel activity going on that we participated in as an advisor. These were discussions to create a "New York Information Technology Center." And what better place to do it but in lower Manhattan where there were affordable rents and where 30 million square feet of vacant space existed. Ultimately, participants in the discussion, which included The Alliance for Downtown New York, the local business improvement district, the New York City Partnership, the Borough of Manhattan Community College, Columbia University, KPMG Peat Marwick, and IBM, along with representatives from state and local government, concluded that a RFP [request for proposal] was necessary.

We at Rudin Management chose not to respond because there were a lot of requirements that were being made of real estate developers that we didn't really like. The Rudins are a private company and generally don't have partners, if we can avoid it. So we backed off. Sixty buildings responded and the building at 11 Broadway was chosen.

As it turned out, we were advising the 11 Broadway people on their telecommunications infrastructure since, starting with our review of the impact the Telecommunications Deregulation Act, we had really come up the learning curve very quickly in this area. We had a model on how to provision bandwidth within a building. And then, three weeks or so later, the owner of 11 Broadway died. That deal went bust because his brother, the new owner, did not want to continue.

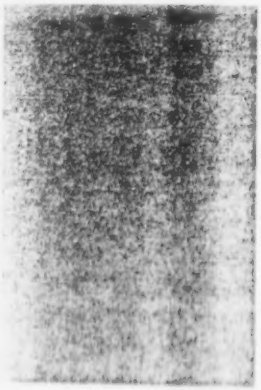
That was toward the end of May 1995. And on a Friday, Carl Weisbrod, president of The Alliance for Downtown New York, called up Bill Rudin and said, "Bill, we're stuck, the 11 Broadway deal is dead and we don't want to restart this process. Will the Rudins and 55 Broad Street under-

take the job of creating the New York Information Technology Center?" I went off in a corner and hid and jumped up and down and said, "Oh, this is unbelievable, this would be a perfect opportunity to test this model, this carrier neutral, open architecture model that we had created."

Bill Rudin, President of Rudin Management, was in agreement. We sat late on a Friday with his father and with his uncle because it was a $50 million decision to open up 55 Broad Street. And a very interesting thing happened on Saturday morning. We had told Jack and Lew [brothers and senior members of the family] and Bill's sister Beth DeWoody, that this query had come to us. And the agreement was that we were going to think about it over the weekend. Well, Lew Rudin opened up *The New York Times* on Saturday morning and there was an article about Prodigy moving from White Plains to lower Manhattan. And why was Prodigy moving? Because that's where the excitement was, that's where the entrepreneurs were, that's where this new emerging silicon alley was happening and that's where the creative talent was. Lew said, "If it's good enough for Prodigy, it's probably good enough for other companies thinking like this. Let's do it!" So on the basis of a second section article about Prodigy going to lower Manhattan, Lew and Jack Rudin made a $50 million decision.

That's really how we got started. Two weeks later, the Mayor had a Blue Room press conference that kicked off 55 Broad Street. Thank goodness we had done all the research on the wiring. Thank goodness the Rudins had basically gutted the building after Drexel Burnham Lambert went out in 1990 and removed all the asbestos - in effect, mothballed it so it was ready for development. From June of 1995 to December of 1995, we re-wired the building, put in all new air conditioning, a whole new heating system, a brand new video wall, re-did the lobby, put up New York's first fully digital up-link facility on the rooftop and moved in our first tenant. All in six months.

"So on the basis of...Prodigy going to lower Manhattan, Lew and Jack Rudin made a $50 million decision."



DBQ: Something I haven't heard from you are the things the typical business student would look for. I haven't heard you say anything about financial analysis, "net present values" or "internal rates of return." Did you ever do any of those kinds of things?

Gilbert: No. It goes back to Lew Rudin making a $50 million decision based upon an article in *The New York Times*. It was more from the gut than from the head. Maybe from the heart. The analysis was very simple from the Rudin standpoint. We had four other buildings downtown and if the area continued to slide backward 30 million square feet of vacant space might increase even more. And again, it goes back to the Rudin philosophy which is, you can have a great building but if the neighborhood around you is crumbling, that building isn't going to be great very much longer.

DBQ: Is it typical for a real estate developer to mothball a building in the way that you did, that is strip it and to make it ready for development?

Gilbert: No.

DBQ: What was the motivation for that?

Gilbert: Well I think it goes back to the Rudin vision, which is a long-term vision. It took incredible guts and incredible staying power. Fifty-five Broad Street was the only building left on the street after the depression of the early 1990s that still remained in the hands of the original owner. Everything else had gone back to the lender. Ourselves and the New York Stock Exchange were the only two "institutions" still left on Broad Street....

So the fact that the Rudins had a long-term vision, for over five years without collecting a nickel of rent, I think is an incredible testament to

their commitment to New York, their business savvy and their long-term view of real estate...they're building it for their grandkids and their great grandkids. They have never sold a building that they built and they're true blue New Yorkers. So it is very rare, the fact that they not only knew that the building was going to be vacant, but that they then went and spent $8 million to remove the asbestos. Interestingly enough, it cost slightly more to remove the asbestos than it did to build the original building in 1967.

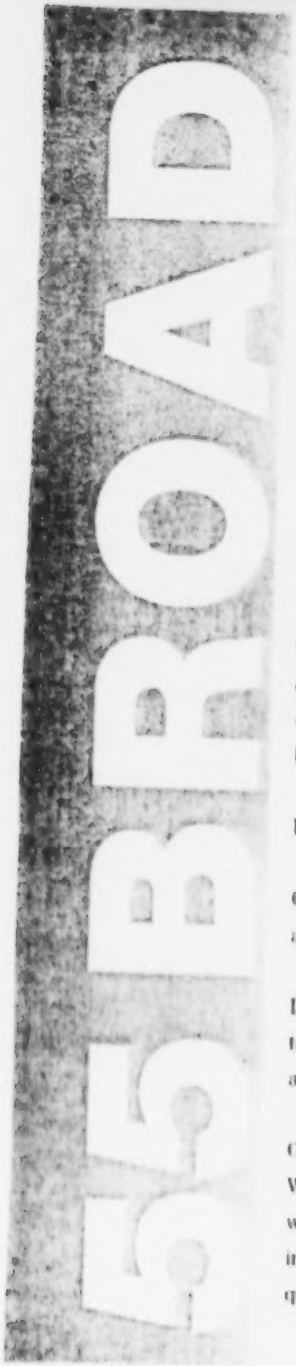
DBQ: So you're saying that even without the relationship with the City, Rudin Management was prepared to set up some form of technology center. You were poised to move in that direction?

Gilbert: Yes, we were confident. We had really analyzed the Telecommunications Deregulation Act, analyzed what was the missing link...we kind of peeked into the future and began to visualize. We understood that there would be a hell of a lot more telecommunications providers trying to get into our buildings, and that in this digital world, tenants would want to be "fed" by those providers. It's wonderful having fiber optics running down Park Avenue or running down Broad Street, but if the tenants in the building can't access that, then what good is it?

"The Rudins have never sold a building that they built... they are true blue New Yorkers."

We determined that we had to start looking at telecommunications distribution, bandwidth distribution, in a different way, we needed to build a broadband "on ramp." And rather than re-invent the wheel we decided that we had to start looking at telecommunications as a basic building service, like heat and hot water....

We knew we needed a system that would allow multiple providers to plug in and would allow our tenants to plug in, to access those multiple providers. And we needed a system that's going to stand the test of time, would be "scaleable" [allow for growth] and would not be outdated



tomorrow when some new technology comes up. What we did was put in seven separate telecommunications systems within the building, single-mode fiber and multi-mode fiber, four copper systems and a satellite broadcast facility.

We agreed that it would make a lot of sense to have a fiber optic system that could link the tenants within the building. So that if one company was on the 13th floor and another on the 20th floor, and they wanted to co-operate, the basis for creating a virtual LAN [local area network] between the two businesses is there.

DBQ: Also, it makes it easier for companies to scale up when they want to expand.

Gilbert: Yes, absolutely. And that's exactly what happened. Our first tenant, N2K, came to us in August of '95. They began talking to us about 4,000 square feet…they are now a 60,000 square foot tenant, with a market capitalization of $400-$450 million.

DBQ: How long did it take for the building to become full?

Gilbert: It took us 18 months to lease up the building. We had predicted about…36 months.

DBQ: How long and how much effort did it take for you and the Rudins to immerse yourselves in this technology prior to the time you were approached to develop 55 Broad?

Gilbert: Roughly a year, year and a half. But we're constantly learning. We wanted to do a lot of stuff with wireless voice and data. The technology wasn't there yet…The FCC and the Congress has basically said, all of the internal ether, the volumetric space within that real estate is unlicensed frequency…so we went with the totally wired model.

DBQ: Unlicensed and untaxed.

Gilbert: Yes, unlicensed and untaxed, but you can't own it. And yet the real estate owner has the opportunity to make it cost effective. The technology has got to catch up to our thinking, but the owner has the opportunity to use that as value-added services.

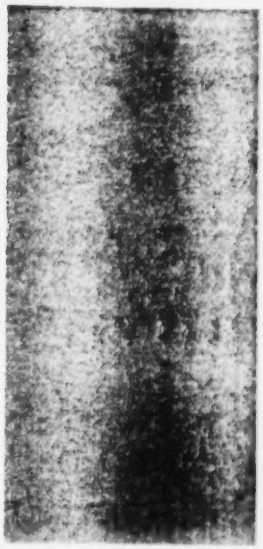
DBQ: So that was fully in place before you actually started work.

Gilbert: Absolutely. It was totally separate from it because we weren't in the race to become the technology center. And the timing was very interesting. Bill Rudin had just become president of Rudin Management. And as a third generation Rudin to run the company, there was a certain amount of pressure to make better what everybody in many parts of the world perceive as being one of the best portfolios in real estate. And so the question was how? How does he really put his mark on it?

This idea of linking real estate with advanced digital technology was a very, very, risky proposition. This business had been successful and running for 70 years and now suddenly you want to jump into this telecommunications world. But what we saw was that the world was already moving in that direction. And we were either going to make the real estate digitally friendly or we weren't. And if we didn't, we certainly didn't have a chance of being competitive.

DBQ: Did you have any sense that your competition out there was doing the same things, thinking along the same lines?

Gilbert: It was very interesting. In late 1993 one of the early drafts of the Telecommunications Deregulation Act came out. It was eventually killed but it had very damaging language to real estate in there. The National Realty Committee, the Board of which Bill Rudin serves on, got involved. They created a telecommunications task force and Bill was the chair-



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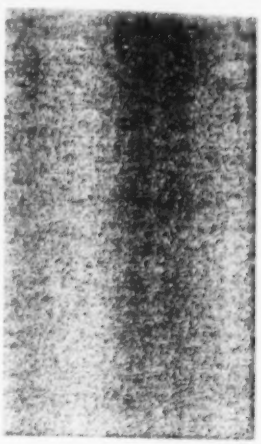
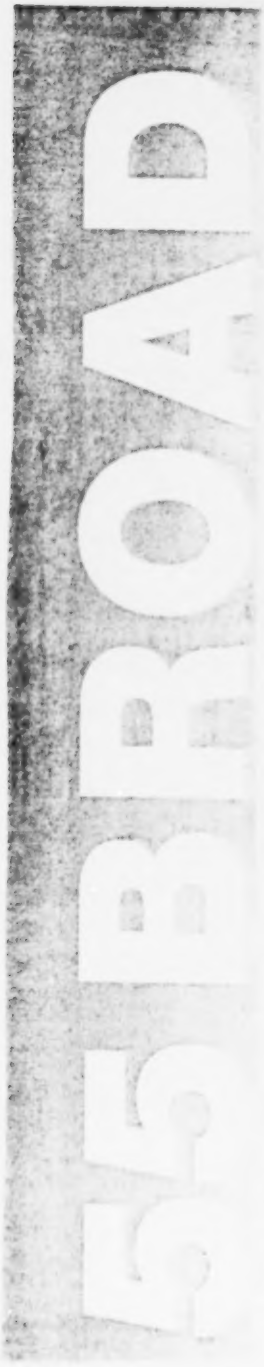




man. So we became active not only within our own local world, but within the national debate as well. And had we not jumped in this and not done the research, we would not have been able to articulate how market forces should prevail rather than governmental mandates.

DBQ: What effect has 55 Broad had on your entire portfolio? It's obvious that Rudin Management's specialty is real estate but yet almost inadvertently you've seemed to acquire an expertise in technology.

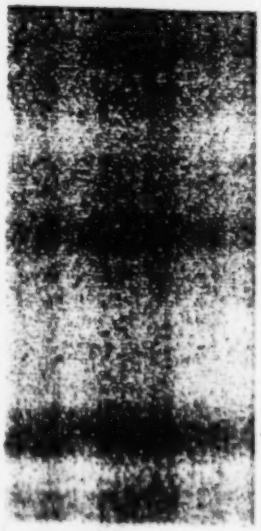
Gilbert: The effect has been very profound because not only are we the model on a local basis, but we're the global as well. Developers and public officials from over 45 countries have visited 55 Broad Street. We currently have rock solid interest in over 40 sites in about 23 countries. People want us to come help them create technology centers in literally every major city of the world.

DBQ: Do you mean you're serving in a consulting capacity or that you have a financial investment?

Gilbert: We're trying to figure that out. Clearly the most important aspect that we see in terms of wiring and making real estate digitally friendly is it increases the asset value of that property.. To act as a consultant, we don't share in asset's value increases. So we're trying to get our arms around what the proper model is.

DBQ: Recently I talked to one of the tenants at 55 Broad and they mentioned that another developer nearby has tried to emulate what you've done at 55 Broad but was at best, only modestly successful.

Gilbert: There are different segments of the market and different buildings must be designed to meet these market segments. People like what we created because we did our homework. Other developers are looking to meet a different market and we wish them well. In the end, I think it's good for downtown and good for New York. The City and The



Alliance for Downtown New York are doing an excellent job in creating an information district.

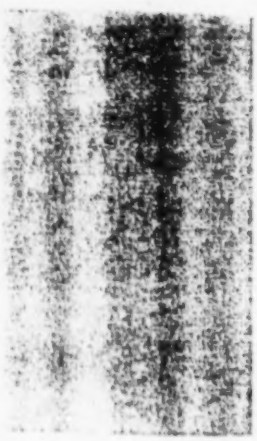
DBQ: Downtown policymakers have to some extent linked the area's fortunes to technology as a driver for economic change. What are the risks associated with that strategy?

Gilbert: I think it has two, or possibly three, engines. Insurance and financial services are still very strong. Companies like J.P. Morgan and Goldman Sachs are still here, as are the stock markets. The stock markets and financial services are still incredibly strong engines. But now we have a double barrel approach. Technology is filling up a lot of the space that was deemed obsolete by the financial services and that is unbelievable.

DBQ: One of the stated reasons for businesses leaving the Wall Street area was the difficulty in upgrading buildings to accommodate new technology. Isn't it ironic that 55 Broad, an older building, is the hallmark of new technology?

Gilbert: It is another irony of many ironies. Most people felt that it was a building that was dead, and should be converted to residential housing or some other use. Its use as a commercial office building, they said, was out of date. We disproved that. We call it our "invisible" architecture. And the fact that we re-built the building from the inside out and attracted an incredible roster of new media and high technology companies is, I think, a very, very positive story for all urban areas throughout the world that have seen better days. This is a great story from an economic development standpoint and from an adaptive reuse standpoint.

"Developers and public officials from over 45 countries have visited 55 Broad Street."



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DOWNTOWN DATA

There are seven categories of data presented here: employment, utilities, construction, real estate, traffic, hotels and tourism. The data is derived from more than ten different sources, and sometimes, from more than one source within the same organizational unit. A list of data sources appears below, followed by a description of the data.

GEOGRAPHY

"Downtown Manhattan" refers to the area bounded in the north by Canal Street, in the east by the East River, in the west by the Hudson River and in the south by New York Bay. However, since our data is obtained from a variety of sources whose priorities for collecting the data do not always coincide with our own, the geographical area on which some data is based is not always consistent with our definition of Downtown. In those cases, surrogate boundaries had to be used.

SURROGATE BOUNDRIES

Some organizations from which we collected data found it easier to give us the data on the basis of ZIP codes, and in one case, on the basis of the area's community board. While not exactly congruent, there is a large amount of overlap between selected ZIP codes, Community Board 1, and Downtown as we have defined it. A list of the ZIP codes used appears below.

REPORTING UNITS

The table below lists items we report on and the geographical basis on which the data is presented. The reporting unit "Canal Street" is used in those cases where either the data source's geographical boundaries coincide with our own or where the data is single-point operational data, allowing collection from only those locations that fit neatly within our

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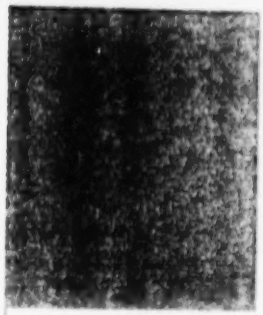
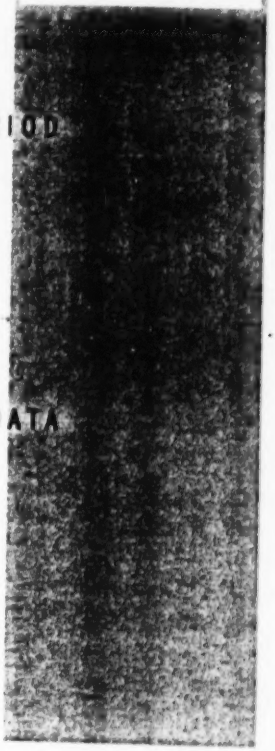
boundaries. Subway, tunnel and ferry service data are examples. The geographical basis for all other items is either the ZIP code or the community board.

ITEM	REPORTING UNIT
Employment	ZIP Codes
Ferry Service	Canal Street
Hotel Occupancy	Canal Street
Mail Volume	ZIP Codes
Office Space	Canal Street
PATH	Canal Street
Real Estate Construction	Community Board
Subway Usage	Canal Street
Telephone	Canal Street
Tourist Count	Canal Street
Tunnels	Canal Street



"Our primary concern is not with absolute counts but with trends."



TIME PERIOD

For the most part, the data is presented for the first, second, third and fourth quarter of the calendar year in comparison to the respective quarter(s) of the previous year. In all cases, the most recently available data is presented. In each issue, we are looking at the quarter subsequent to the one presented in the previous journal.

EMPLOYMENT DATA

Employment data originates with the New York State Department of Labor which collects data for all companies with more than 50 employees. Because the forms have been designated as ES202, the data is sometimes referred to as ES202 data. The data in our journal is based on the department's quarterly reports, using Downtown ZIP codes. However, the use of ZIP codes in this case may introduce distortions beyond those suggested in our discussion of surrogate

boundaries. DOL's total employment count is determined by the location of the company's headquarters, disregarding the company's actual site of operations. Thus, a company with significant operations Downtown but with headquarters elsewhere, would not be included in our count. However, our primary concern is not with absolute counts but with trends. To achieve out goal we will report data on a consistent basis over time.

OTHER ISSUES

While the Holland Tunnel traffic data presented in the previous issue was limited to the months of April and May, this time around we are able to show data on the second quarter as a whole along with third quarter statistics. However, the Port Authority reports that technical difficulties related to the introduction of the E-Z Pass causes the third quarter numbers to be preliminary and do not allow for a breakdown of the data by weekday and weekend. This leads also to a slightly different presentation style. Previously, the data was presented on the basis of daily averages. This issue presents the Holland Tunnel data on the basis of monthly averages. We apologize to our readers for any inconvenience this may cause.

With respect to the data on the Downtown office market, two tables are added for enhanced "reader-friendliness" and easy comparison. More detailed information is also provided regarding the Downtown tourist count. While tourist rates were previously derived on the basis of a "Market Basket Approach " of selected sites,' in the current issue, we publish the number of visitors to specific Downtown attractions.

DATA SOURCES

DATA	SOURCE
Employment	NYS Department of Labor
Ferry Service	NYC Department of Transportation
Hotel Occupancy	Selected Downtown hotels/ Coopers & Lybrand LLP
Mail Volume	US Postal Service
Office Space	Cushman & Wakefield
PATH	Port Authority of New York & New Jersey
Real Estate Construction	NYC Department of Buildings
Subway Usage	NYC Transit Authority
Telephone	Bell Atlantic
Tourist Count	National Park Service
Tunnels	Port Authority of New York & New Jersey/ NYC Department of Transportation

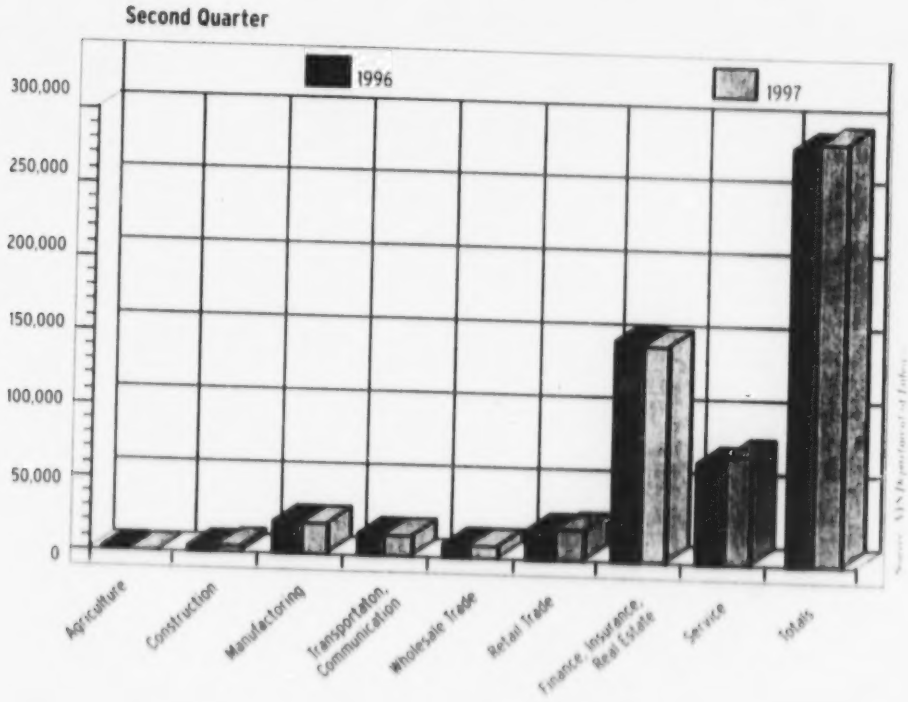
ZIP CODES FOR "DOWNTOWN MANHATTAN

10004	10013	10048	10279
10005	10038	10270	10280
10006	10041	10271	10281
10007	10047	10278	10282

BEST COPY AVAILABLE

EMPLOYMENT

DOWNTOWN EMPLOYMENT-PRIVATE



	1996	1997	Change
Agriculture	36	50	38.9%
Construction	2,925	3,433	17.4%
Manufacturing	21,086	20,897	-0.9%
Transportation, Communication	13,918	13,767	-1.1%
Wholesale Trade	8,584	8,662	0.9%
Retail Trades	18,700	20,008	7.0%
Finance, Insurance, Real Estate	149,601	147,002	-1.7%
Services	68,499	74,096	8.2%
TOTAL	283,349	287,915	1.6%

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TELEPHONE LINES IN SERVICE

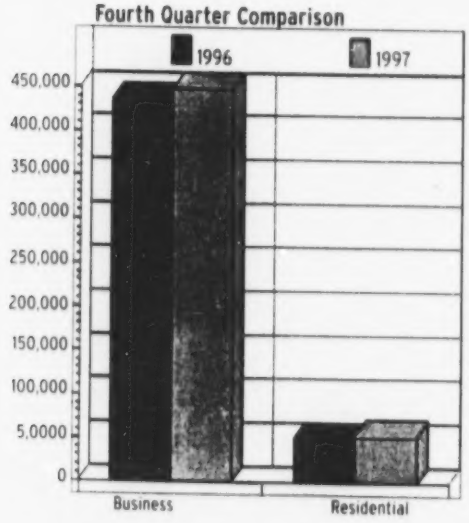
Percentage Distribution–Fourth Quarter 1996

Business	434,775	89.6%
Residential	50,372	10.4%
TOTAL	485,147	100%

Percentage Distribution–Fourth Quarter 1997

Business	448,150	89.4%
Residential	52,872	10.6%
TOTAL	501,022	100%

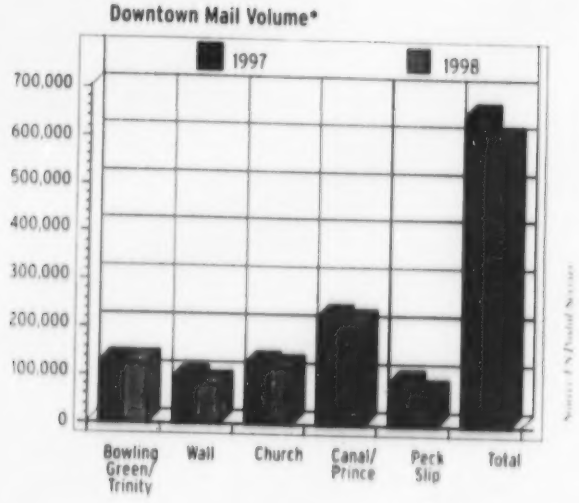
Fourth Quarter Comparison



Source: Bell Atlantic

	1996	1997	Change
Business	434,775	448,150	3.1%
Residential	50,372	52,872	5.0%

US POSTAL SERVICE

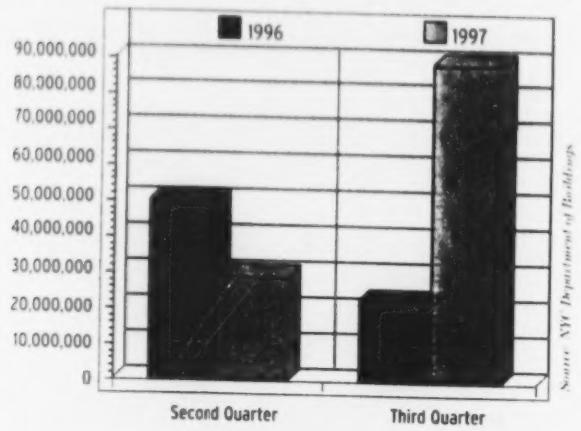


	1997	1998	Change
Bowling Green/ Trinity	122,258	122,958	0.6%
Wall	92,673	79,527	-14.2%
Church	123,222	117,212	- 4.9%
Canal/Prince	221,745	213,517	- 3.7%
Peck Slip	88,369	66,202	-25.1%
TOTAL	648,267	599,416	- 7.5%

*Fiscal year-to-date volume as of March 10, 1998. Fiscal year for US Post Office begins on September 13. Numbers are in linear feet; a foot is equivalent to 196 pieces of mail.

CONSTRUCTION

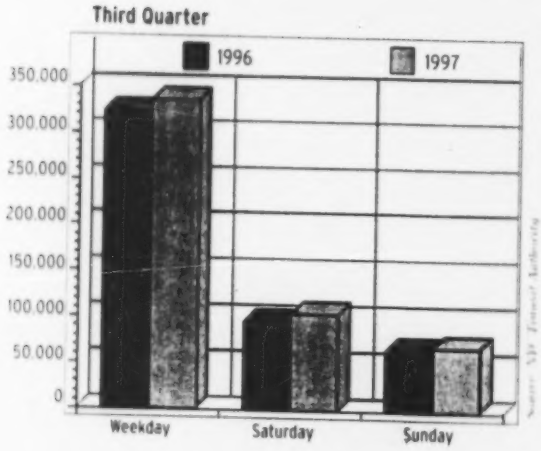
CONSTRUCTION ACTIVITY EXCEEDING $100,000



	1996	1997	Change
Second Quarter	$49,750,269	$29,074,378	-41.6%
Third Quarter	$22,614,000	$88,778,00	292.60%

TRANSPORTATION

DOWNTOWN SUBWAY RIDERSHIP



	1996	1997	Change
Weekday	322,772	335,395	3.9%
Saturday	95,657	104,347	9.1 %
Sunday	66,077	69,409	5.0%

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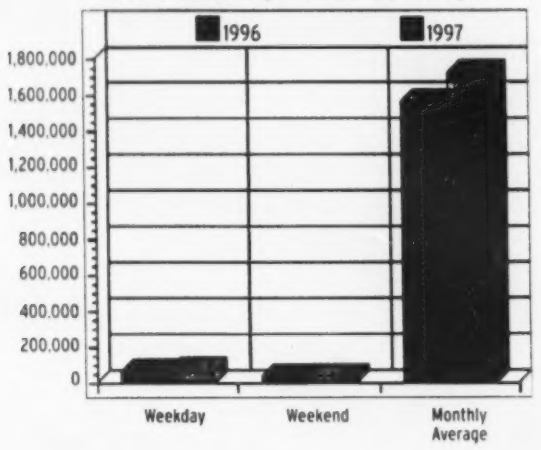
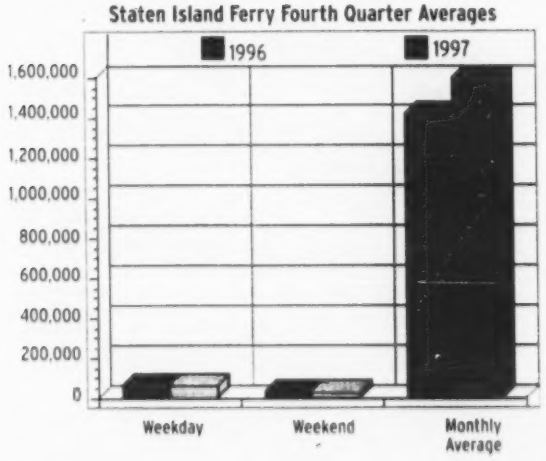
FERRY SERVICE-PUBLIC

Staten Island Ferry Third Quarter Averages



	1996	1997	Change
Weekday	60,140	65,215	8.4%
Weekend	29,535	33,921	14.9%
Monthly Average	1,553,860	1,718,126	10.6%

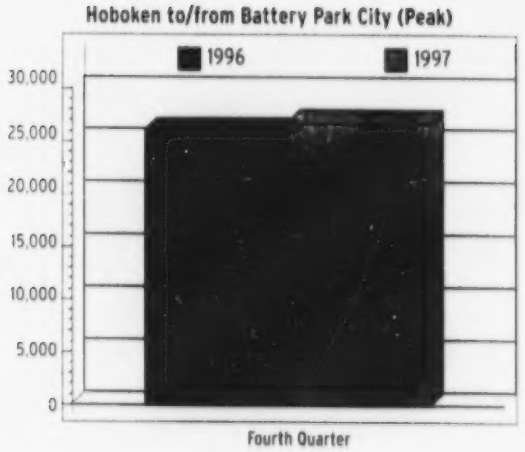
Staten Island Ferry Fourth Quarter Averages



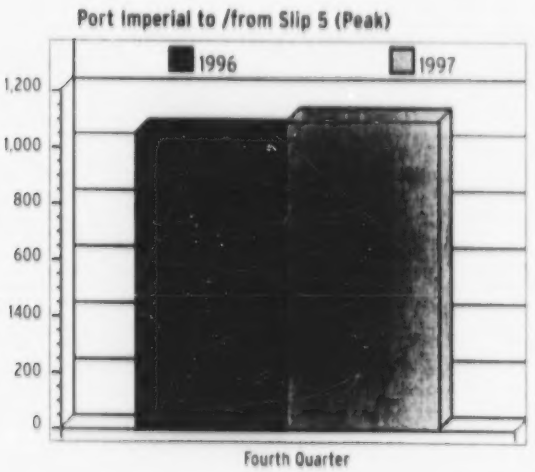
	1996	1997	Change
Weekday	55,343	60,505	9.3%
Weekend	26,155	31,338	19.8%
Monthly Average	1,416,835	1,594,333	12.5%

FERRY SERVICE-PRIVATE

NEW YORK WATERWAY



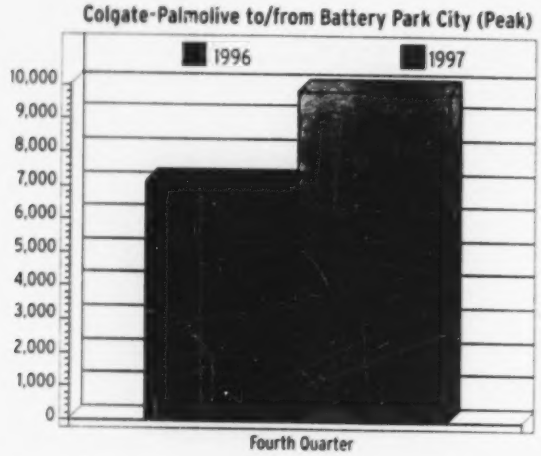
	1996	1997	Change
Fourth Quarter	25,945	26,801	3.3%



	1996	1997	Change
Fourth Quarter	1,052	1,091	3.7%

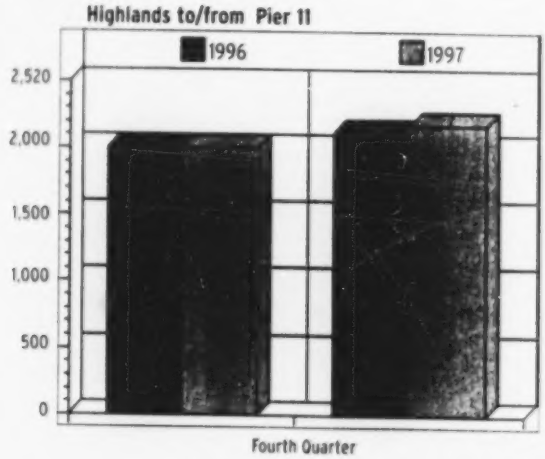
TRANSPORTATION

FERRY SERVICE-PRIVATE



	1996	1997	Change
Fourth Quarter	7,085	9,795	38.2%

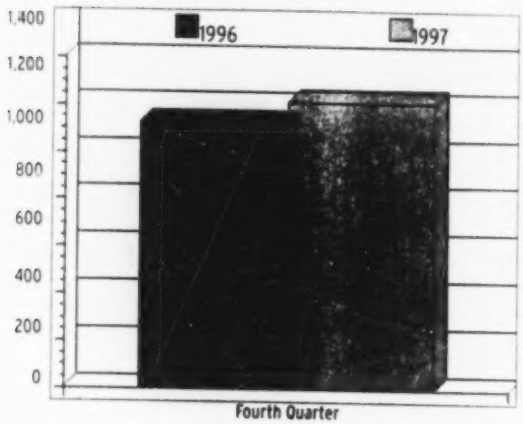
EXPRESS NAVIGATION



	1996	1997	Change
Fourth Quarter	2,120	2,171	2.4%

47

Atlantic Highlands to/from Pier 11

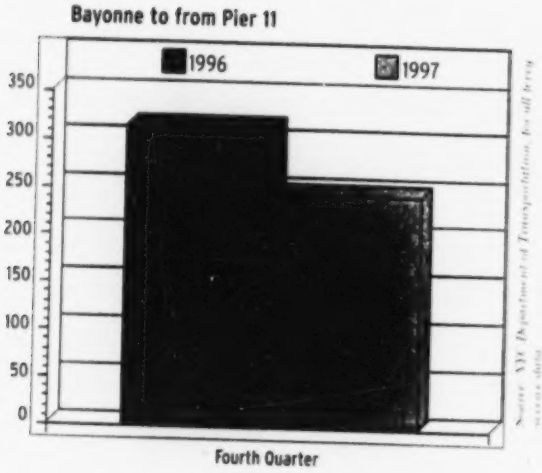


	1996	1997	Change
Fourth Quarter	1,119	1,214	8.5%

HARBOR SHUTTLE

LaGuardia to/from Pier 11

	1996	1997	Change
Fourth Quarter	256	262	2.3%



	1996	1997	Change
Fourth Quarter	313	243	-22.4%

Note: Pier 11 is located at the foot of Wall Street. Slip 5 is located at South Ferry.

HOLLAND TUNNEL TRAFFIC

Daily Averages Second Quarter 1996

	Autos	Buses	Trucks	Trailers	Total
Weekday	42,616	382	2,765	782	46,480
Saturday	45,717	307	856	211	47,092
Sunday	43,385	275	326	60	44,046

Daily Averages Second Quarter 1997

	Autos	Buses	Trucks	Trailers	Total
Weekday	44,061	352	2,921	746	48,080
Saturday	47,207	252	998	235	48,692
Sunday	43,586	211	444	55	44,297

Comparison of Second Quarter Totals

	1996	1997	Change
Weekday	46,480	48,080	3.4%
Saturday	47,092	48,692	3.4%
Sunday	44,046	44,297	0.6%

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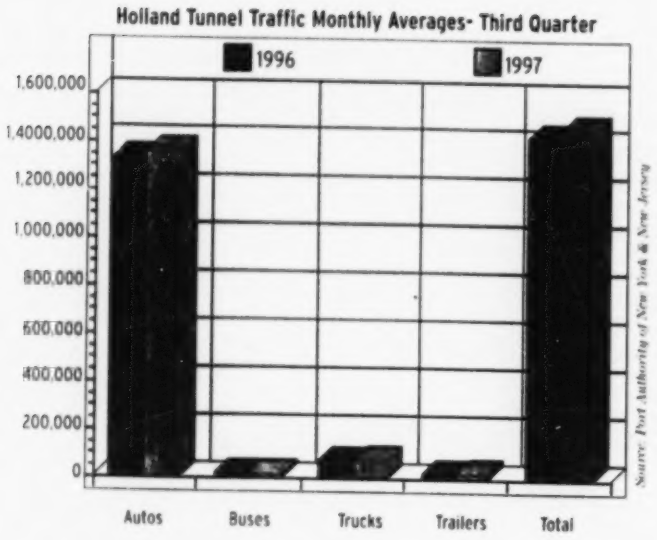
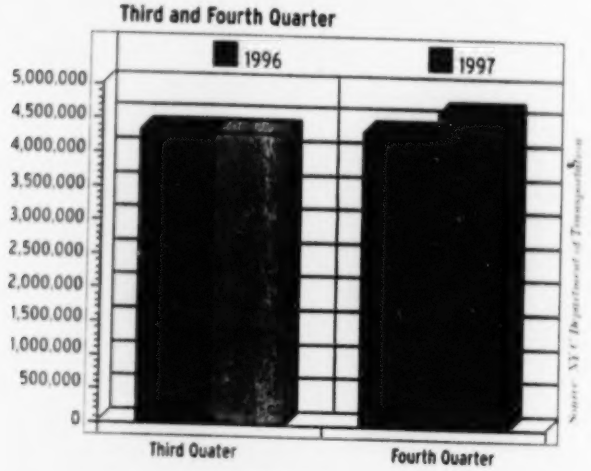


	1996	1997	Change
Autos	1,323,168	1,356,945	2.6%
Buses	11,570	10,380	-10.3%
Trucks	65,777	71,371	8.5%
Trailers	16,773	17,846	6.4%
TOTAL	1,417,622	1,456,542	2.7%

TRANSPORTATION

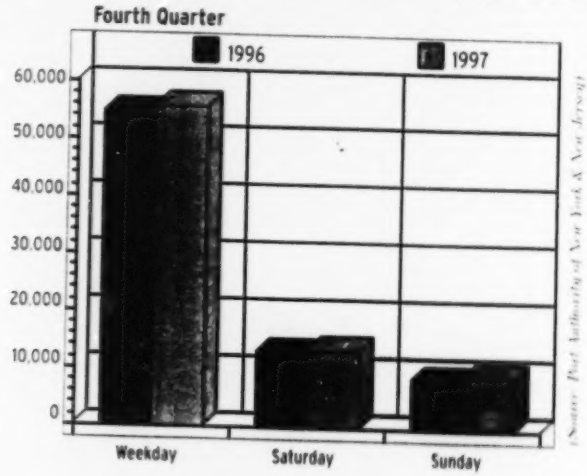
BROOKLYN BATTERY TUNNEL TRAFFIC



Source: NY Department of Transportation

	1996	1997	Change
Third Quarter Traffic	4,312,269	4,311,936	-0.01%
Fourth Quarter Traffic	4,413,723	4,624,819	4.78%

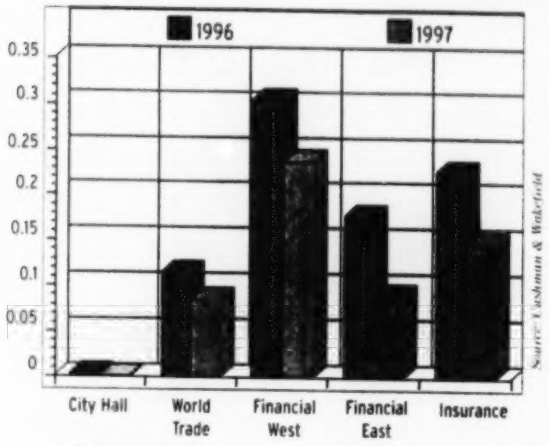
WORLD TRADE CENTER PATH RIDERSHIP AVERAGES



Source: Port Authority of New York & New Jersey

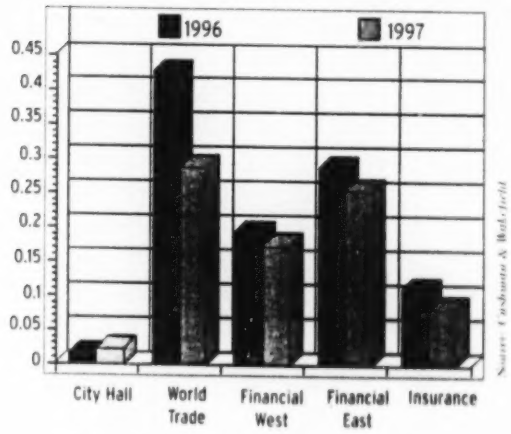
	1996	1997	Change
Weekday	54,813	55,835	1.9%
Saturday	12,921	13,476	4.3%
Sunday	8,603	9,522	10.7%

DOWNTOWN NEW YORK OFFICE MARKET



Fourth Quarter
Vacancy Rates Class A

Sub-Market Name	1996 Rate	1997 Rate	Change
City Hall	0.2%	0.0%	- 0.2%
World Trade	11.4%	8.4%	- 3.0%
Financial West	30.2%	23.6%	- 6.6%
Financial East	17.6%	8.9%	- 8.7%
Insurance	22.5%	14.7%	- 7.8%



Fourth Quarter
Vacancy Rates Class B

Sub-Market Name	1996 Rate	1997 Rate	Change
City Hall	1.5%	2.2%	0.7%
World Trade	42.4%	28.8%	-13.6%
Financial West	19.2%	17.4%	-1.8%
Financial East	28.7%	25.3%	-3.4%
Insurance	11.0%	8.3%	-2.7%

DOWNTOWN NEW YORK OFFICE MARKET

Fourth Quarter 1996 Class A

Sub-market Name	Inventory	Available Space	Vacancy Rate	Weighted Avg. Rental Rate
City Hall	4,130,465	7,100	0.2%	$ 30.00
World Trade	23,793,827	2,719,230	11.4%	$ 33.25
Financial West	663,315	200,099	30.2%	$ 27.69
Financial East	19,619,399	3,451,904	17.6%	$ 30.80
Insurance	5,178,179	1,164,441	22.5%	$ 26.02
TOTAL	53,385,185	7,542,774	14.1%	$ 30.89

Fourth Quarter 1997 Class A

Sub-market Name	Inventory	Available Space	Vacancy Rate	Weighted Avg. Rental Rate
City Hall	4,130,465	0	0.0%	$ 00.00
World Trade	24,331,521	2,050,031	8.4%	$ 32.93
Financial West	663,315	156,867	23.6%	$ 29.35
Financial East	21,321,525	1,906,667	8.9%	$ 29.77
Insurance	5,196,179	764,770	14.7%	$ 32.80
TOTAL	55,643,005	4,878,335	8.8%	$ 31.46

Fourth Quarter 1996 Class B

Sub-market Name	Inventory	Available Space	Vacancy Rate	Weighted Avg. Rental Rate
City Hall	4,921,758	74,483	1.5%	$ 24.18
World Trade	3,595,657	1,523,020	42.4%	$ 23.63
Financial West	3,166,230	608,863	19.2%	$ 21.89
Financial East	18,644,037	5,355,217	28.7%	$ 24.35
Insurance	7,773,027	851,636	11.0%	$ 23.01
TOTAL	38,100,709	8,413,219	22.1%	$ 23.92

DOWNTOWN NEW YORK OFFICE MARKET

Fourth Quarter 1996 Class A

Sub-market Name Space	Inventory Rate	Available	Vacancy Rental Rate	Weighted Avg.
City Hall	4,130,465	7,100	0.2%	$ 30.00
World Trade	23,793,827	2,719,230	11.4%	$ 33.25
Financial West	663,315	200,099	30.2%	$ 27.69
Financial East	19,619,399	3,451,904	17.6%	$ 30.80
Insurance	5,178,179	1,164,441	22.5%	$ 26.02
TOTAL	53,385,185	7,542,774	14.1%	$ 30.89

Comparison of Fourth Quarter Totals-Class A

	1996	1997	Change
Inventory	53,385,185	55,643,005	4.2%%
Availabe Space	7,542,774	4,878,335	-35.3%
Vacany Rate	14.1%	8.8%	-5.3%
Rental Rate	$30.89	$31.46	1.8%

Comparison of Fourth Quarter Totals- Class B

	1996	1997	Change
Inventory	38,100,709	35,046,934	-8.0%
Availabe Space	8,413,219	6,221,798	-26.0%
Vacany Rate	22.1%	17.8%	-4.3%
Rental Rate	$23.92	$24.82	3.8%

Source: Eastman & Wakefield

HOTEL AND TOURISM

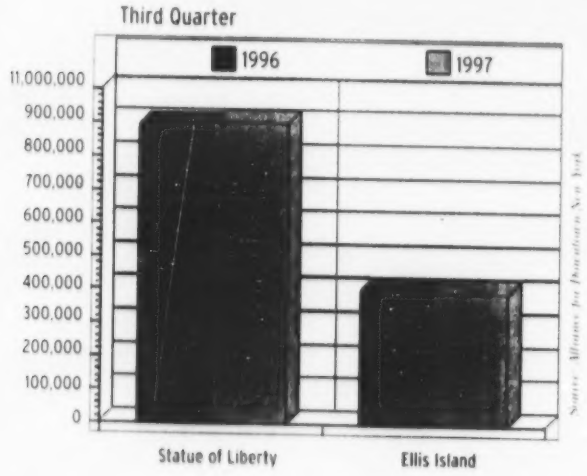
HOTEL OCCUPANCY PERCENTAGES*

	Downtown Rate	Manhattan Rate	Difference
Fourth Quarter	84.7%	86.2%	1.5%

** Downtown and Manhattan rates are averages of selected hotels.*

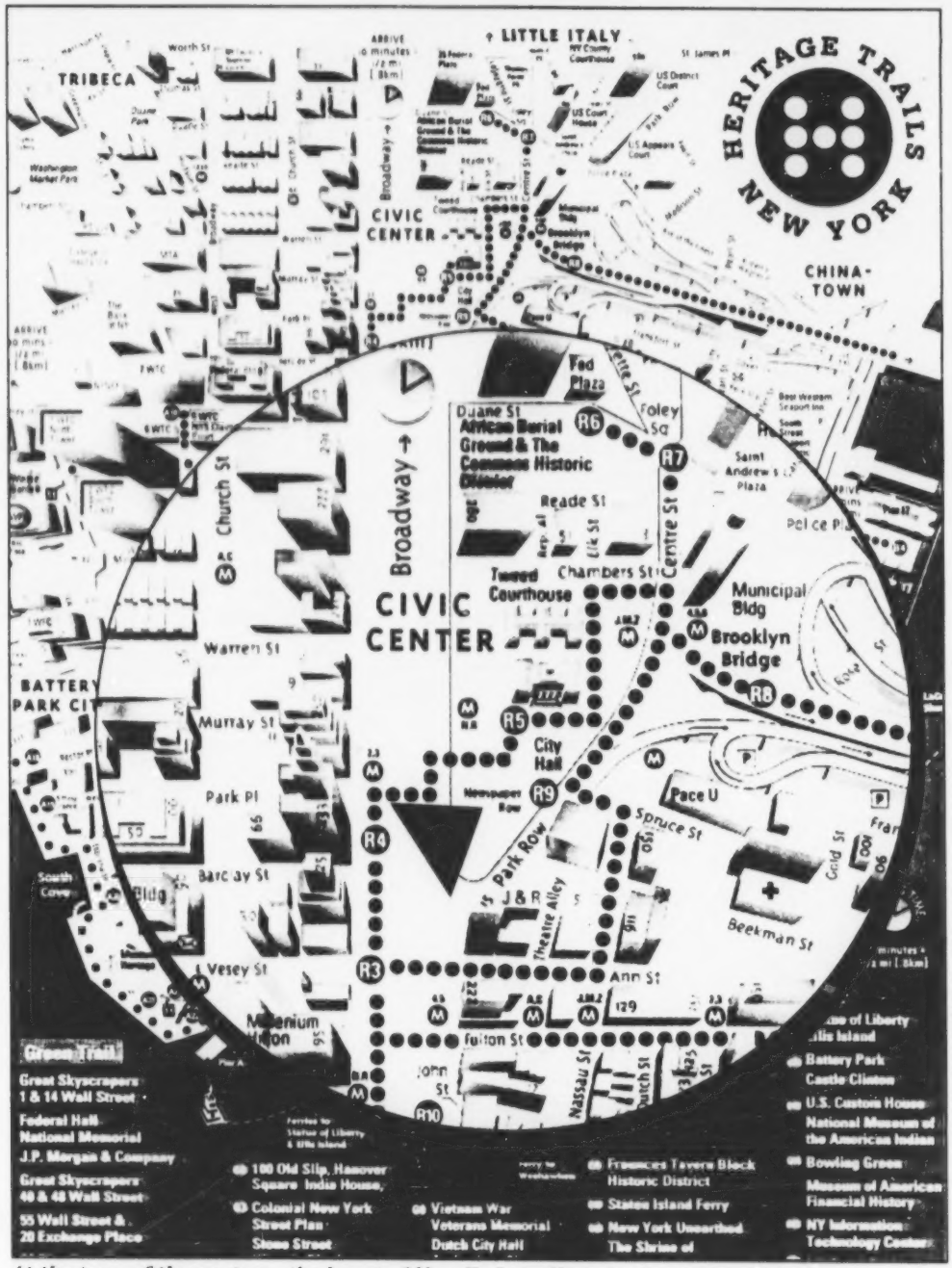
Sources: Selected hotels and Coopers & Lybrand LLP for overall Manhattan rates

DOWNTOWN TOURIST COUNT



	1996	1997	Change
Statue of Liberty	892,748	903,700	1.2%
Ellis Island	401,006	398,924	-0.5%

DOWNTOWN MAP



Map courtesy of Heritage Trails New York

At the turn of the century, the heart of New York media was just east of the Tweed Court House and City Hall. "Newspaper Row" stretched roughly from where the Municipal Building is now down to the end of Park Row.

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STREETSCAPE By Anne Eliet

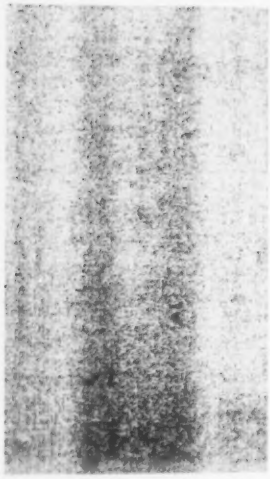
PRINTING HOUSE SQUARE

Downtown has emerged as New York's new media center, a fitting development given the area's historical role as the center of newspaper publishing for more than 90 years, from the 1830s to just after World War One. At the turn of the century, Downtown was home to 20 English language dailies and scores of weekly and non-English papers. Looking back on the era, the media moguls - men like Greeley, Pulitzer and Hearst - often loom larger than the papers themselves.

The heart of New York's earlier media center was the area just east of the Tweed Court House and City Hall. "Newspaper Row," as it was called, stretched roughly from where the Municipal Building is now down to the end of Park Row. Its center was "Printing House Square" in front of what is now Pace University.

Nearest to City Hall was the domed *New York World* building. Owned by Joseph Pulitzer, it was built to be the tallest building in the world. Then came William Randolph Hearst's *New York Journal*, sporting a Venice-inspired tower. Next to the *Journal* sat *The New York Times*, a white stone structure with Romanesque windows. *The New York Herald* stood on the site of P.T. Barnum's first museum at the corner of Broadway and Ann Street.

Other printers crowded this area as well. Nathaniel Currier's shop was on Nassau Street and his lithograph machines were around the corner on Spruce Street. After 23 years in business, Currier took on his relative James Merritt Ives as a partner.



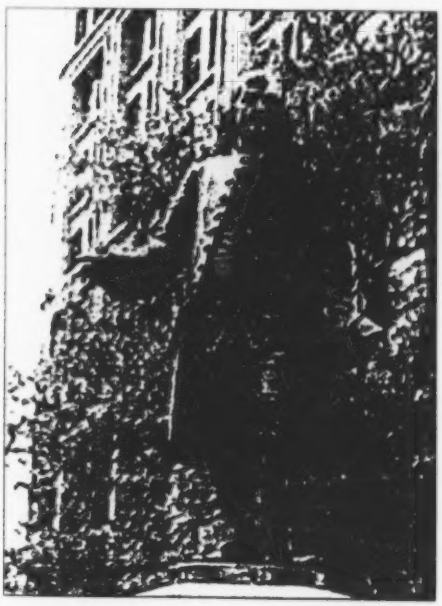
"A hundred boys with clubs and nicknames like "Kid Blink," "Young Mush" and "Racetrack Higgins" rallied on Newspaper Row."

Joseph Pulitzer, a Hungarian immigrant who fought in the U.S. Civil War, worked his way up from a New York sweatshop to newspaper publisher in St. Louis. It was after that success that he bought the *World*. One of the *World's* most lasting accomplishments was a drive to pay for the pedestal of the Statue of Liberty. Congress, apparently concerned about wasting taxpayer money, hadn't appropriated enough money for the statue's base. It took five months of public donations, even from school children, to raise the funds.

Horace Greeley, newspaper titan.

Unlike Pulitzer, William Randolph Hearst, was born into wealth. His father owned the *San Francisco Examiner* and Hearst became the paper's "proprietor" at the age of 23. In 1895, after convincing his mother to give him the money, Hearst purchased *The New York Journal*. Hearst is remembered for many things, one of which was his effort to force the United States into war with Spain. When William McKinley was elected President, Hearst pushed for U.S.

intervention in Cuba, a Spanish colony. Hearst sent several reporters and illustrators to Havana, including Frederick Remington. When Remington wired New York that there was no war, Hearst replied: "You furnish the pictures and I'll furnish the war."



Benjamin Franklin, former center of Printing House Square.

Hearst and Pulitzer were prominent publishing figures in the tradition of Horace Greeley whose *New York Tribune* was located on Printing House Square. During the Draft Riots of 1863, citizens against the draft rallied in the Square and stormed the building, threatening to hang Greeley. It took 200 of New York's finest to break it up. *The New York Times* took no chances - they got two machine guns from the Union Army to defend their building.

Another demonstration was less successful for the publishers. The two week Newsboys' Strike of 1899 was organized in City Hall Park, and a hundred boys with clubs and nicknames like "Kid Blink," "Young Mush" and "Racetrack Higgins" rallied on Newspaper Row. The strike spread as far north as Providence. The publishers finally conceded, the "newsies" were victorious.

NEWSPAPER ROW TODAY

There is little left of those years of the newspaper industry. *The New York Times* building still stands on Park Row, now home to Pace University. The statue of printer

Benjamin Franklin, once the center of Printing House Square, now sits forgotten on a traffic island. Pulitzer has the prizes and the legacy of having published the first comic strip, "The Yellow Kid," in an American newspaper. Hearst Publishing still exists; its magazine group includes *Cosmo*. Even in death, some rivalry continues. The statue of Horace Greeley in the northeast section of City Hall Park dates from 1890. Greeley sits regally on a throne-like chair, a newspaper, presumably his, spread out on his lap. The pedestal reads simply: "Horace Greeley, Founder of *The New York Tribune*." But if one looks at the ground, in front of the statue's base there's a plaque eulogizing Joseph Pulitzer.

"Even in death, some rivalry continues."

Anne Eliet is a freelance writer interested in New York City history. She copy-edited this issue of the "Quarterly."

CALENDAR

TRIBECA PERFORMING ARTS CENTER CALENDAR

August 1
Joffrey Ballet Company Summer Concert
At 8:00 PM

NOTE: For confirmation and information on these and other events coming to the Tribeca Performing Arts Center at BMCC, call (212) 346-8310.

DOWNTOWN EVENTS AND EXHIBITIONS

"Rags to Riches: The Financing of America, 1776-1836"
Museum of American Financial History
28 Broadway
(212) 908-4110

Through August 2:
"Indian Humor"
National Museum of the American Indian
One Bowling Green
(212) 668-6624

Through August 31:
"When New York Was British" and "Fraunces Tavern and World War One"
Fraunces Tavern Museum
54 Pearl Street (at Broad Street)
(212) 425-1778

Russian Summer Music Festival: Russian Rhythms on Broadway
Monday and Thursday Noonday Concerts
Begins Thursday July 2 at 1:00 PM at Trinity Church, Broadway and Wall Street
Concerts are held at Trinity Church or at St. Paul's Chapel, Broadway and Fulton Street
Concert Hotline (212) 602-0747

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ACKNOWLEDGEMENTS

We would like to thank the agencies, companies and people below for their assistance in supplying data and information to this journal. We are especially grateful for the $50,000 start-up grant given to the Institute by the Workforce Developement Initiative, City University of New York.

AGENCIES, COMPANIES AND ORGANIZATIONS

Alliance for Downtown New York
Consolidated Edison Company of New York
Coopers & Lybrand LLP
Cushman & Wakefield
New York Metropolitan Transportation Council
NYS Department of Labor
NYC Department of Buildings
NYC Department of Finance
NYC Department of Transportation
NYC Tax Commission
NYC Transit Authority
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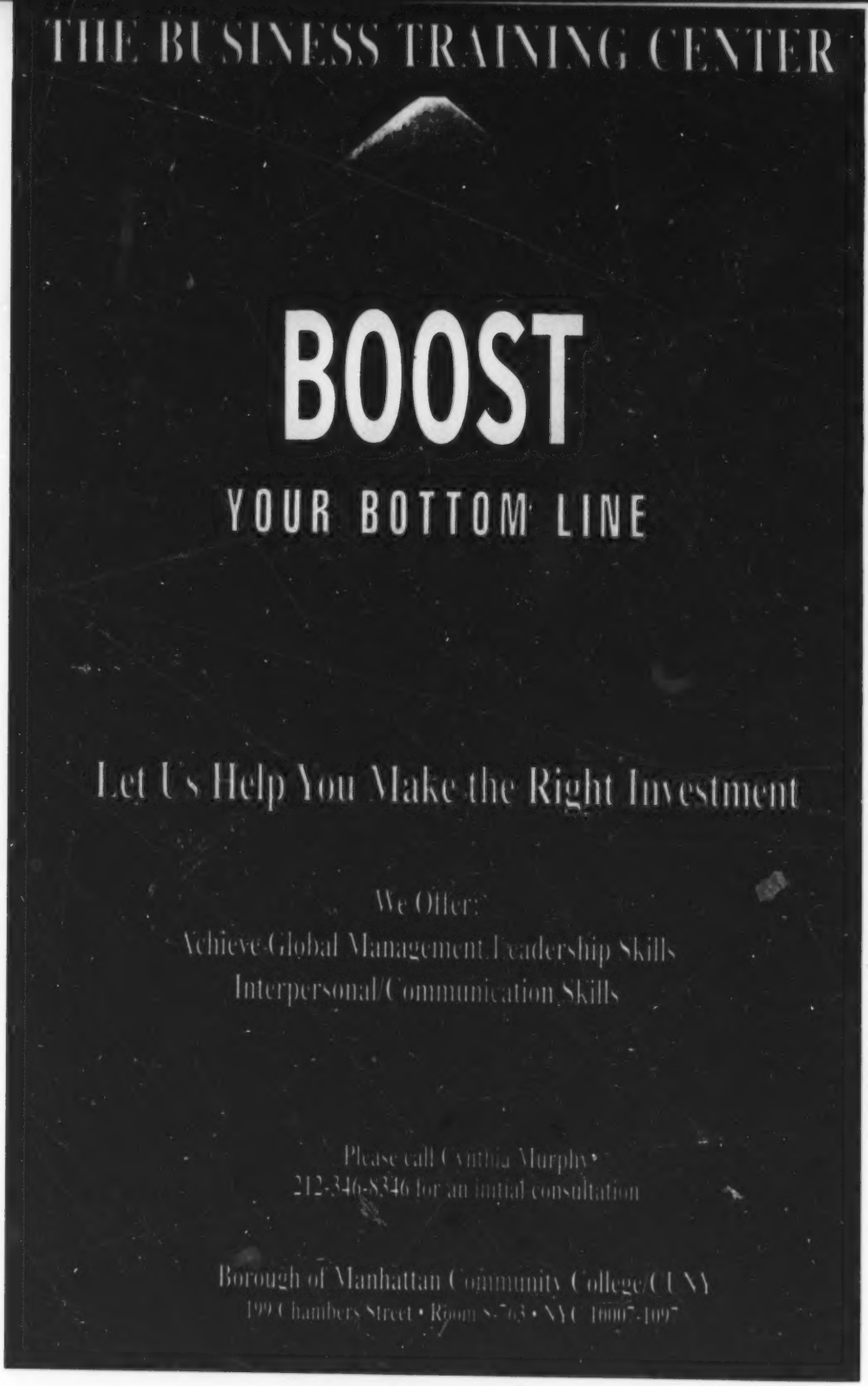
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